



# NEWS RELEASE

**STATE BOARD  
OF EQUALIZATION**

450 N Street  
Sacramento  
California 95814

**BILL LEONARD**  
Member, BOE  
Second District

**RAMON J. HIRSIG**  
Executive Director

**FOR IMMEDIATE RELEASE**

NR# 79-L  
Date: December 28, 2006  
Contact: Anita Gore  
Communications Office  
(916) 327-8988  
Website: <http://www.boe.ca.gov>

## **LEONARD ANNOUNCES NEW STATE TAX LAWS**

Board of Equalization Member Bill Leonard today announced a number of recent changes to the state's tax and fee laws, many taking effect at the New Year. The new laws will hike penalties for retailers who withhold collected sales tax, place new requirements on tobacco distribution, aid various nonprofits, and provide assistance to disaster victims in the form of tax relief.

Unless otherwise noted, the following bills take effect January 1, 2007:

### **Enforcement**

SB 1449 (Migden) Installs a 40 percent penalty for retailers who collect sales and use tax but fail to pay it to the state in a timely manner. The current penalty is 10 percent of the unpaid tax.

AB 1418 (Horton) Directs the Board of Equalization and Franchise Tax Board to publish the 250 largest income and sales tax delinquencies above \$100,000. Taxpayer information is normally confidential. Those affected by the new law will be given 30 days notice before their tax debts become public information. A list of unresolved sales and use tax delinquencies will be available in Spring 2007.

### **Tobacco**

AB 1749 (Horton) Directs tobacco manufacturers and importers to become licensed with the Board of Equalization, pay a one-time licensing fee, and meet new recordkeeping requirements designed to aid in the collection of state tobacco taxes. (Effective May 1, 2007).

### **Nonprofit**

SB 1341 (Cedillo) Extends a sales tax exemption through 2011 for thrift stores that fund medical, hospice, or social services for individuals with HIV or AIDS.

AB 2533 (Leno) Allows nonprofit organizations and government entities to lease original works of original art between themselves without the obligation of sales tax.

### **Disaster Relief**

AB 1890 (Mountjoy) Gives disaster victims five years to rebuild a damaged home or purchase a comparable one while protecting their property tax base-year values (Effective September 18, 2006). Current law only provides three years.

AB 1798 (Berg) and AB 2735 (Nava) allow victims of Governor-declared disasters in certain counties to retain homeowners exemptions while they rebuild their homes. Previous law made damaged, uninhabitable homes ineligible for the tax exemption. (Both are effective Sept 30, 2006). The tax relief extends to storms, floods, mudslides and wildfires in 40 counties from December 2005 thru 2006.

### **Other Tax Administration**

AB 2182 (Mullin) Directs the Board of Equalization to work with industry representatives and local governments to study property tax valuations of semiconductor manufacturing and biopharmaceutical equipment as well as nonproduction computers. The Board's findings will be used to update guidelines for local governments to use in future property assessments.

AB 1809 (Budget Committee) Extends the tax code's 12-month test currently used to determine if a vehicle, boat or plane was purchased out-of-state for use in California. If so, the state's use tax applies to the purchase. (Effective July 1, 2006. Extends through June 2007.)

AB 2239 (Emmerson) Provides that vehicles, including RVs, brought into the state solely for repair or warranty service for less than 30 days are exempt from the 12-month use tax rule. (Effective September 20, 2006).

SB 497 (Simitian) Makes the Marine Invasive Species Fee permanent. Ships entering California with ballast water from outside the State's coastal zone pay the fee which provides funding to monitor and address non-native species in the state's water systems.

SB 1317 (Torlakson) Allows cities with electricity generators, substations and transmission lines constructed after January 1, 2007, to capture more of the property tax from those properties. Current law distributes tax revenues generated by new construction of these facilities to all cities in the county. This change only applies to companies assessed by the Board of Equalization.

Bill Leonard, of Sacramento/Ontario, was elected to his second term as Second District Member of the State Board of Equalization in 2006. Prior to his service at the Board, he served in the State Assembly (1978-1988, 1996-2002) and in the State Senate (1988-1996).

The five-member Board of Equalization is a publicly elected tax board. The Board collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

###